



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 5  
77 WEST JACKSON BOULEVARD  
CHICAGO, IL 60604-3590

Confidential

For Settlement Purposes Only

JAN 08 1997

REPLY TO THE ATTENTION OF.

C-14J

VIA FAX

Reed Osland  
Kirkland & Ellis  
200 E. Randolph Drive  
Chicago, IL 60601

**RE: NL Industries/Taracorp Site, Granite City, IL**

Dear Reed:

First let me thank you and Jim for coming in to discuss settling this matter. It has been a pleasant change from past dealings that all parties are now willing to discuss resolution of this matter. In our meeting of December 11, 1997, you offered to perform the remaining work at the site and to make a cash payment bringing the total to 50% of total costs at the site. Robert Oakley from the Department of Justice and I have discussed your client's offer with our management. As you know, the estimated total costs for this site are \$63,500,000.

The United States is anxious to settle this case in its entirety. In order to do that, we propose the following settlement: NL, as the owner and operator of the site, is to pay 50% of the total cost of the remedy, or \$31,750,000 under terms to be negotiated. Additionally, NL is to pay a civil penalty of \$1 million. These payments do not contain a work component.

The remaining portion of the total cost is to be recovered from the generators in a combination of cash and work to be performed. The generators must also fund an interior lead paint remediation project in the area of the site. In light of NL's position as the owner/operator of the site, the United States feels that this is reasonable. I recommend that we meet as soon as possible to discuss finalization of this matter.

Sincerely,

Sean Mulroney  
Associate Regional Counsel

EPA Region 5 Records Ctr.



257839



Printed on Recycled Paper

cc: Robert Oakley, DOJ  
Brad Bradley, EPA  
Sheri Bianchin, EPA